

# HOUSE BILL REPORT

## E2SHB 1208

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### As Amended by the Senate

**Title:** An act relating to property tax administration.

**Brief Description:** Concerning property tax administration.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Takko and Alexander).

#### **Brief History:**

##### **Committee Activity:**

Local Government & Housing: 2/4/09, 2/11/09 [DPS];  
Finance: 2/24/09, 3/2/09 [DP2S(w/o sub LGH)].

##### **Floor Activity**

Passed House: 3/5/09, 97-0.  
Senate Amended.  
Passed Senate: 4/13/09, 36-10.

#### **Brief Summary of Engrossed Second Substitute Bill**

- Allows a county treasurer to use a verification of payment rather than a stamp to show evidence of payment of the real estate excise tax.
- Makes payment dates for diking, drainage, or sewerage improvement district assessments the same as for property taxes.
- Requires that property tax refund claims be made within three years of the due date for payment, unless the county legislative authority acts upon its own motion to honor a refund claim that goes back more than three years.
- Authorizes a county treasurer to begin collection of various taxes and assessments once the treasurer completes the yearly tax roll.

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#### **HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING**

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Simpson, Chair; Nelson, Vice Chair; Angel, Ranking Minority Member; Ericksen, Assistant Ranking Minority Member; Cox, Miloscia, Short, Springer and White.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** Thamas Osborn (786-7129)

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## HOUSE COMMITTEE ON FINANCE

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Local Government & Housing. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Condotta, Conway, Ericks, Santos and Springer.

**Staff:** Rick Peterson (786-7150)

### **Background:**

County treasurers operate under the authority of various state statutes relating to the receipt, processing, and disbursement of funds. County treasurers are the custodian of the county's money and the administrator of the county's financial transactions. In addition to his or her duties relating to county functions, the county treasurers provide financial services to special purpose districts and other units of local government, including receipt, disbursement, investment, and accounting of the funds of each of these entities. County treasurers are responsible for the collection of various taxes (including legal proceedings to collect past due amounts) and other miscellaneous duties, such as conducting bond sales and sales of surplus county property.

Among a county treasurer's duties in collecting taxes is the establishment of the county's tax rolls. The county treasurer's establishment of the yearly tax rolls is the prerequisite to the county treasurer having the authority to levy and receive taxes. Until 2007, the county treasurer could not receive tax payments prior to February 15. The 2007 Legislature eliminated this requirement. The county treasurer may receive tax payments once the tax roll for the current year's collection is complete.

The first half of property taxes are due by April 30 and the second half on October 31. The interest rate on delinquent property taxes is 12 percent.

Property tax refunds can be made if there has been a mistake or an error in the tax bill. Also, refunds are given if the property's value has been reduced due to an appeal. The claim for refund must be made within three years after the taxpayer paid the property tax. However, the county legislative authority may order a refund for an unlimited period.

Diking, drainage, or sewerage improvement district assessments for construction or maintenance of improvements are collected in the same manner as property taxes. The annual assessments or installments of assessments for construction and maintenance and repairs are due in two equal installments. The first is payable by May 30 and the second by November 30. The rate of interest on late delinquencies is 10 percent.

The real estate excise tax is collected by the county treasurer. The tax generally applies to sales of real property. The county treasurer must put a stamp on the instrument of sale or

conveyance showing the tax has been paid before the instrument can be filed with the county auditor.

**Summary of Engrossed Second Substitute Bill:**

Statutes that reference the February 15 property tax collection date are changed to reference the date of the completion of the tax roll. Accordingly, a county treasurer is authorized to begin collecting various taxes and assessments once he or she completes the yearly tax rolls.

All property tax refund claims must be made within three years of the due date for payment, unless the county legislative authority acts upon its own motion to honor a refund claim that goes back more than three years.

The payment dates for diking, drainage, or sewerage improvement district assessment are changed to the dates used for property tax collections: April 30 for the first half payment and October 31 for the second half. The interest rate charged on delinquent assessments is increased to 12 percent. The stamp required to show evidence of payment of the real estate excise tax is replaced by a verification of payment by the county treasurer.

**EFFECT OF SENATE AMENDMENT(S):**

The Senate amendment increases the interest rate on delinquent diking, drainage, and sewerage assessments from 10 percent to 12 percent per year. Discretion of the county legislative authority to provide property tax refunds that go back more than 3 years is removed. The Senate amendment allows refund levies beginning with taxes for collection in 2010 for abated property taxes under the destroyed property provisions starting with taxes that were abated after January 1, 2009. The Senate amendment allows approval of open space tax applications for properties that are located in incorporated areas through a joint meeting of county and city councils where some of the members are participating by telephone or separate meetings of the city and county granting authorities approving an identical application.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony (Local Government & Housing):**

(In support) This is exactly the same bill that passed the Finance Committee and the House but died in the Senate. This is a good and necessary bill that makes various changes to statutory provisions pertaining to county treasurers. The bill has three key components: (1) taxes become collectible upon completion of the tax roles; (2) property tax refund claims must be made within three years of due date for payment and; (3) changes are made regarding taxing provisions pertaining to diking districts. The bill cleans up some

problematic statutes and creates consistency in the various laws governing the duties of treasurers.

(Opposed) None.

**Staff Summary of Public Testimony (Finance):**

(In support) County treasurers encourage passage of the bill.

(Opposed) None.

**Persons Testifying (Local Government & Housing):** Representative Takko, prime sponsor; Rose Bowman, Lewis County Treasurer; Ron Strabbing, Gray's Harbor County Treasurer; and Lisa Frazier, Mason County Treasurer.

**Persons Testifying (Finance):** James McMahan, Washington Association of County Officials.

**Persons Signed In To Testify But Not Testifying (Local Government & Housing):** None.

**Persons Signed In To Testify But Not Testifying (Finance):** None.